SUMMARY OF THE 3rd PORTS AND WATERWAYS ADVISORY COUNCIL MEETING
Louisiana Statewide Transportation Plan Update

Meeting Time and Location

The third Ports and Waterways Advisory Council meeting for the *Louisiana Statewide Transportation Plan Update* was held on October 8, 2002 from 9:00 - 12:00 noon at the Marriott Hotel in Baton Rouge, Louisiana.

Meeting Attendees

The following persons attended the meeting:

Consultant Team Members
Dr. Anatoly Hochstein, UNO National Ports and Waterways Institute
Dr. Adam Prokopowicz, UNO National Ports and Waterways Institute
Dr. Jay Jayawardana, UNO National Ports and Waterways Institute
Chris Chritton, AICP, WSA

Council Members

John Carnes, U.S. Maritime Administration
Ted Falgout, Port Fourchon
Joe Accardo, Port of South Louisiana
David Wagner, Port of New Orleans
Dr. Bobby Scafidel, St. Bernard Port
Sherri McConnell, Ports Association of Louisiana

Non-Member DOTD Staff

D.J. Webre, LA DOTD
Dan Broussard, LA DOTD
Sharon J. Balfour, LA DOTD
Whitney Ledet, LADOTD
Dr. Eric Kalivoda, LA DOTD

Presentation / Discussion

Dr. Hochstein opened the meeting with an overview of the Ports and Waterways component of the Statewide Plan Update:

- Plan reflects generalized needs, not specific projects/priorities
- Three-tiered structure to analysis
  - ① Existing ports and waterways system – recent trends
  - ② Federal maritime programs

  - o safety
  - o channel maintenance/improvement
- ③ Future development

- Three types of ports
  - deep draft (foreign commerce)
  - shallow draft (industrial/processing)
  - coastal (offshore oil and gas supply)

- Louisiana ports rank near the top nationwide with respect to cargo handled.

- 90% of foreign trade is made up of liquid and dry bulk cargo, the remaining 10% consists of general cargo (break-bulk and containerized goods).

- The Louisiana region is affected by *international* trade more than any other

- From 1995 – 2001, Louisiana:

  + Lost nearly all its coal trade
  + Saw a flat trend in the amount of grain handled
  + Saw a 22% decline in the number of containers handled
  + Saw a 23% decline in the handling of break-bulk cargo
  + Experienced a decline in vessel calls

- From 1992 – 2001, Louisiana's offshore industry experienced:

  + A 497% increase in the number of drilling wells
  + A 5000% increase in the number of deepwater wells

- Channel restrictions were identified as being responsible for higher accidents on the Calcasieu and Atchafalaya waterways

- It was mentioned that N.O. District of the US Corps of Engineers consistently receives less funding than requested.

- Maritime cargo forecast assumptions include no shifts in either mode or market.

- Modernization of grain elevators and locks will be necessary to increase capacities that will support future growth in trade.

- Statewide capacity predictions are difficult given the variety of demand peaking across individual markets.

The maritime cargo forecasts developed for this analysis may be high, and look very far out. However, developing low forecasts creates its own set of problems, as the passage of NAFTA proved during the period of the original Statewide Transportation Plan.

Break Bulk cargo capacity deficiencies are Louisiana's biggest problem, given that break bulk cargo represents Louisiana's biggest market potential. The lack of warehousing and storage facilities represents break-bulk cargo capacity deficiencies that are a big problem for the state.

Louisiana has been "shedding capacity" for break-bulk items such as plywood and rubber, in particular.

The point of this plan (as initially presented at the meeting) is to determine the level of investment in the Port Priority Program.

Assuming Phase II of Napoleon Avenue is fully implemented, container demand will reach capacity in 2015.

Developing merchandize distribution centers is a good hedge against uncertain market shares among southern ports, and the strength of west coast operations.

It is important for port cities to develop incentives that will attract distribution centers by large shippers.

The issue of distribution center development illustrates a "chicken-and-egg" problem, in that it's not attractive to develop distribution centers without the existing presence of shipping lines, and shipping lines aren't as attracted to areas that lack distribution centers.

Louisiana's geography and limited industrial base limit its ability to compete in container markets.

Any gains Louisiana realizes in attracting container market share should not come at the expense of its strong position in the break-bulk markets.

Promotion of industrial growth equates to the promotion of port and transportation activity.

The least amount of money is spent on roadway connections to ports, in fact, the condition of intermodal connectors is the worst of all roadways.

To remain competitive, the draft of the Mississippi River should match the draft of the Panama Canal.

Port and landside improvements in Louisiana are funded through the state's Port Priority Program, while waterway improvements (lock improvements, for example) are implemented through the Corps of Engineers. These improvements may be located outside Louisiana, yet affect the efficiency of maritime operations nonetheless.

Ports generate a huge economic impact for the state.

Funding for connector roadways and bridges does not come from the Port Priority Program, and has to come from other, non-federal and federal sources.

State-sponsored market promotion should not focus on individual ports, but be synthesized into an overall economic development program.

It is difficult for the state to provide cost sharing for maintenance.

Open Discussion

The Port Priority Program should be raised to $50 million annually over 5-10 years from its current level of $25 m. (Ultimately, it was recommended that the Port Priority Program should reach a level of $50 m by 2008).

However, the Port Priority Program only addresses immediate needs. What about future needs?

Louisiana capital outlay specifications don't necessarily equate to any funding for ports.

An identified dilemma is the fact that while maritime infrastructure needs (and costs) exist, extreme care must be taken in assigning specific dollar figures to these needs. Inaccurate cost/need estimates can result in a loss of credibility.

As it is estimated that the needs of the Port of New Orleans are valued at $298 million, shouldn't the Port Priority Program be funded at a much higher level than $50 m by 2008 (for instance, $80 - $100 m).

Specific dollar estimates must be developed – i.e., how much money will be required to augment statewide break-bulk capacity to accommodate projected growth? How much money will be required to enhance other maritime infrastructure given growth in various commodity classes?

While specific, this dollar estimate should be a "ballpark" figure, and should be updated every five years based on the current demand environment.

Qualitative funding estimates, based on the cargo forecasts, should be made for each source of maritime infrastructure funding: The Port Priority Program, capital outlay, and the private sector. These estimates, as well as the forecasts upon which they are based, should be updated every five years.

The meeting concluded with a charge to Dr. Hochstein to develop the first such set of estimates, and incorporate them into the report.